



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

JAN 12 2007

233 Peachtree Street Ste. 600
Atlanta, GA 30303

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 11, 2007

Mr. Mark S. Rauch
President
Key West Pipeline Company
Pipeline & Terminal Management Corp.
P.O. Box 270415
Houston, TX 77277

CPF 2-2007-6001W

Dear Mr. Rauch:

On May 10, 2006, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Hazardous Liquid Pipeline facilities and reviewed records in Key West, Florida

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

§195.573 What must I do to monitor external corrosion control?

- (a) ***Protected pipelines.*** You must do the following to determine whether cathodic protection required by this subpart complies with §195.571:
- (2) Identify before December 29, 2003 or not more than 2 years after cathodic protection is installed, whichever comes later, the circumstances in which a close-interval survey or comparable technology is practicable and necessary to accomplish the objectives of paragraph 10.1.1.3 of NACE Standard RP0169-96 (incorporated by reference, see §195.3).

Key West Pipeline has failed to identify the circumstances in which a close interval survey would be needed to accomplish the objectives of paragraph 10.1.1.3 of NACE RP0169-96. The objectives of paragraph 10.1.1.3 are as follows:

- Assess the effectiveness of the cathodic protection system
- Provide base line operating data
- Locate areas of inadequate protection levels
- Identify locations likely to be adversely affected by construction, stray currents, or other unusual environmental conditions
- Select areas to be monitored periodically.

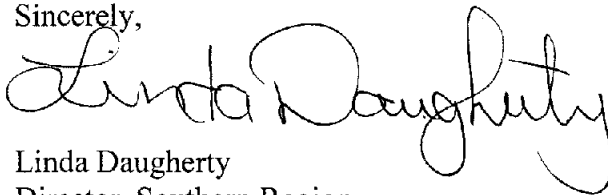
A copy of a fax from Global Cathodic Protection (GCP) was submitted to PHMSA in response to questions on how Key West Pipeline had addressed the requirements of 195.573(a)(2). This fax indicates that GCP does not think a close interval survey is necessary and that since the pipeline is in the water the survey would be in their opinion inaccurate. This fax does not address any of the objectives of RP0169 paragraph 10.1.1.3.

Though much of the pipeline is underwater, a good portion of the pipeline is on land and in areas where a close interval survey would be practical to perform. Much of the underwater portion of the pipeline is in very shallow water, in areas where it appears that conducting a close interval survey would be feasible.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violations persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item identified in this letter. Be advised that failure to do so will result in Key West Pipeline Company being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to CPF 2-2007-6001W.

Sincerely,



Linda Daugherty
Director, Southern Region
Pipeline and Hazardous Materials Safety Administration